



OFFICE OF THE CHIEF FINANCIAL
OFFICER

CF

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CONTROLLER'S OFFICE

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Date: October 7, 2009

From: Sallie Frainier, Accounts Payable Manager

Subject: IRS Backup Withholding Requirements

Below is a summarization as it applies to LBNL of the IRS Backup Withholding Requirements published by the IRS in Pub. 1281.

Accounts Payable must issue information return to the IRS and a 1099 MISC statement annually to the recipients of certain kinds of payments. 1099 MISC is issued for such payments as rents, services, royalties or other various fees. Generally, these payments are not subject to withholding; however they may be subject to backup withholding. Under the IRS backup withholding rules, LBNL must withhold 28% on all such payments if:

The recipient has not provided a taxpayer identification number (TIN) in the required manner (form W-9).

The taxpayer identification number provided does not match the IRS TIN matching database or the IRS has otherwise notified LBNL that the taxpayer identification number provided is incorrect.

More detailed information on the backup withholding rules can be found in Publication 1281 (PDF), which also includes the procedures for payers, and in Publication 505, Tax Withholding and Estimated Tax.

Please do not hesitate to contact me at the above number if you have further questions regarding the above issue.